

SBIR Economic Impact & Legislation

Beyond Phase II

August 17, 2017

Chicago, IL



JERE GLOVER

**EXECUTIVE DIRECTOR
SMALL BUSINESS TECHNOLOGY COUNCIL**





The Small Business Technology Council

1156 15th St NW
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Washington, DC 20005

**Small Business Innovation Research (SBIR):
Leveraging American Business Growth and Jobs**

***SBIR: Entrepreneur-Driven R&D
to Support American Economic Revitalization***

A White Paper

January 19, 2017

SBIR Successes



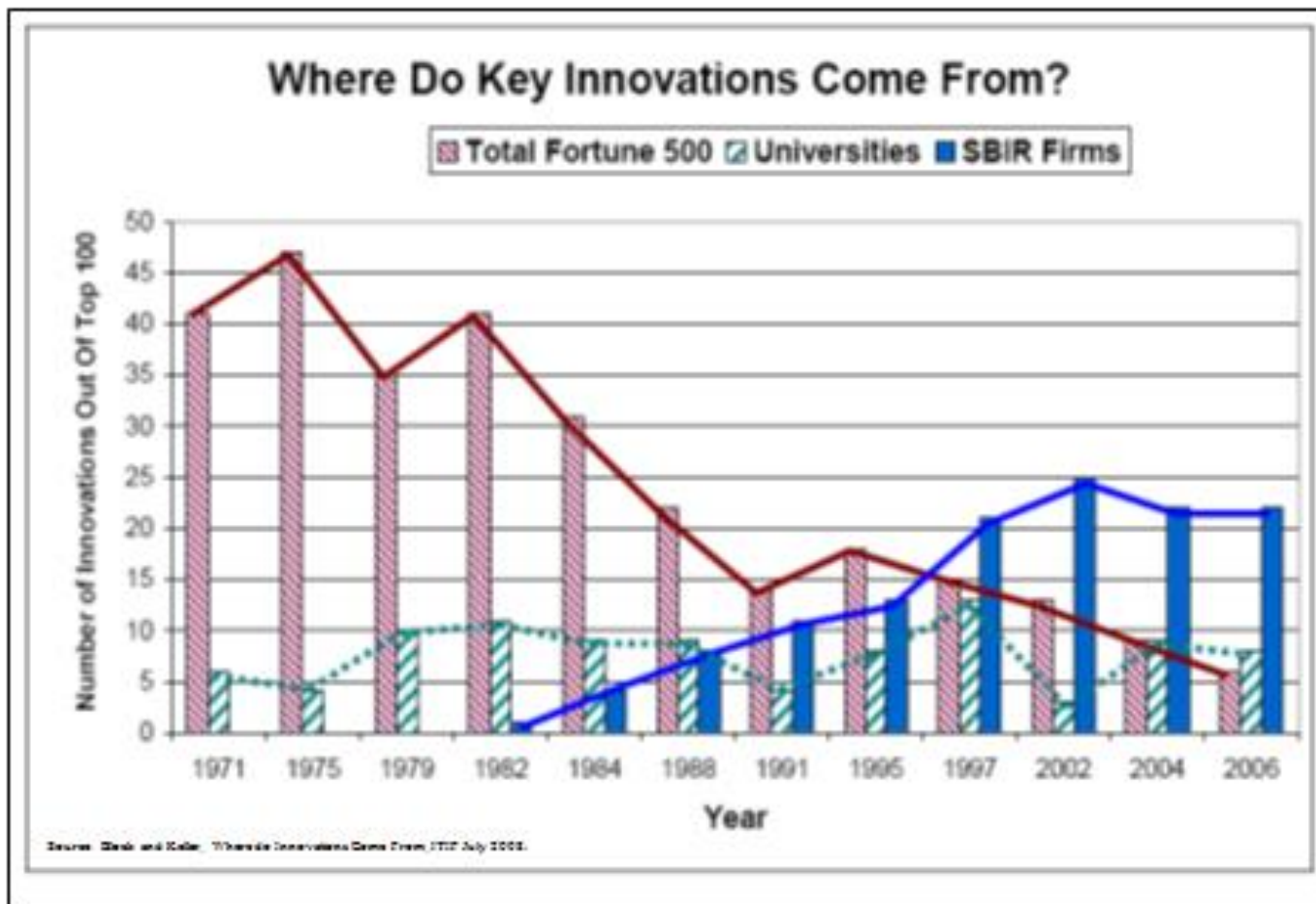
- 1.7% of total Federal R&D Funding
- 25% of Key Innovations
- 1 SBIR Technology Saved \$500 million on F-35 program
- Qualcomm, Symantec, Biogen, iRobot, Genzyme, Illumina, Gentech all received SBIR awards
- 45%-70% of SBIR Phase II technologies have been commercialized
- Federal Government receives \$4.16 in Federal taxes for every dollar spent on SBIR
- 217% Return on Taxes at the state and local level

SBIR Legislative History



- Reagan & Congress created SBIR in 1982
- SBIR then reauthorized for 6 years to 1988, 7 years to 1993, 8 years to 2000, 8 years to 2008
- 14 Continuing Resolutions before 2011 6 year Reauthorization passed
- Reauthorized in the 2017 NDAA for another five years until 2022

SBIR Creates 25% of Key Innovations

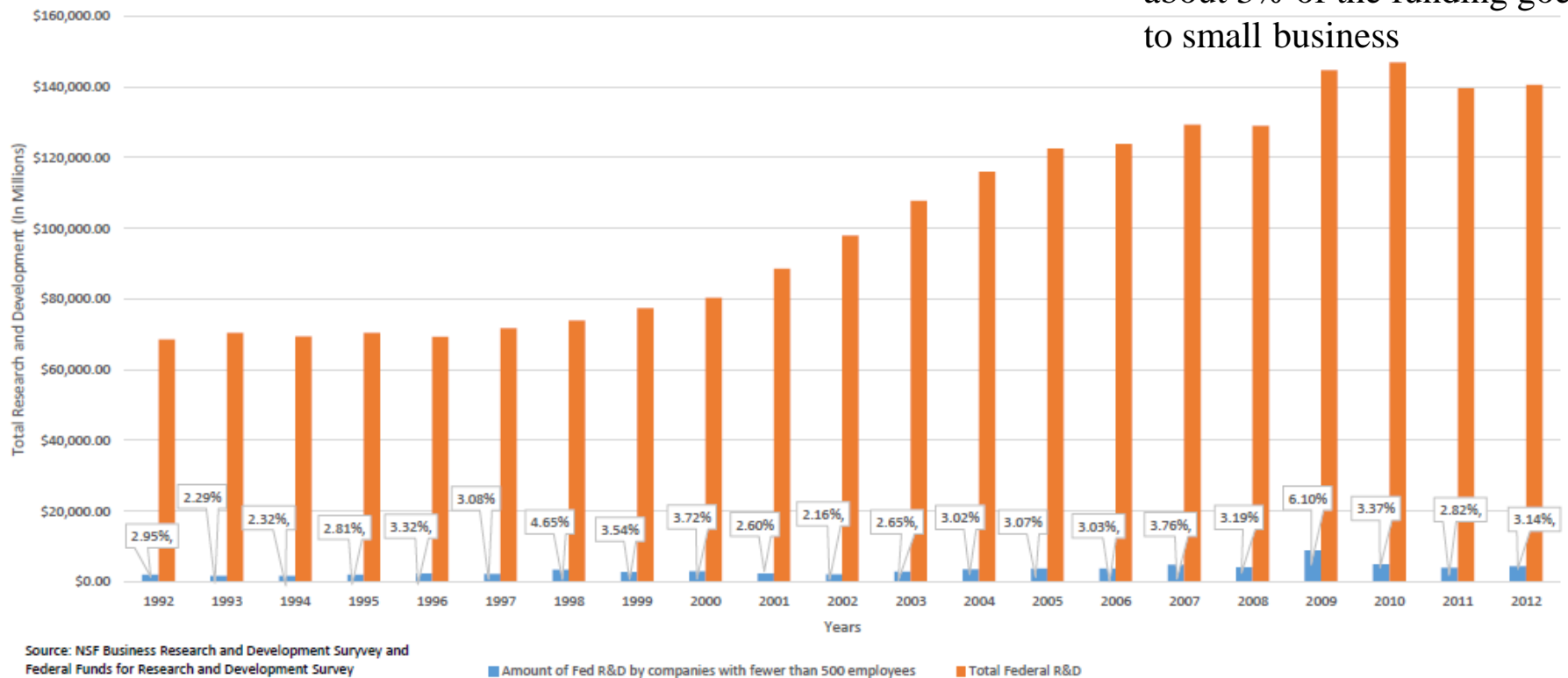


Small Business % of Federal R&D



96.86% of Federal R&D goes to Big Business, Universities, and Labs (in 2012). Only about 3% of the funding goes to small business

Small Business Percentage of Total Federal Research and Development



Chairman Lamar Smith on SBIR



“SBIR began with a deduction of 0.2 percent from agencies’ research budgets. Today, the SBIR allocation from basic research is 3.2 percent, or 16 times higher. Eleven federal agencies with research budgets of \$100 million or more are currently subject to the SBIR funding ‘tax’.”

“This is a significant diversion at a time when U.S. research and development leadership is under challenge.”

“...we must assure that not a single tax dollar is wasted.”
– Waste, Fraud, & Abuse

-Statement of Chairman Lamar Smith before the Committee on Science, Space, & Technology, May 4, 2017

Pending Legislation



- 2018 NDAA
- Sec. 897 Phase III Awards:
“SBIR Awards considered to satisfy competition requirements, and issue, without further justification, Phase III Awards”
- Sec. 898 (d) Use Of Contract Vehicle:
“A multiple award contract described in subsection (b) may be used by any service or component of the Department.”
- HR 2763 SBIR/STTR Improvement Bill, Sec. 9:
“as direct follow-on awards issued without further competition”

Air Force SBIR Economic Impacts



HUGE R.O.I.

58%

Of Phase II contracts resulted in sales of new products and services based on the innovations developed with these contracts.



\$14.7B

In total sales of new products and services, including **\$4.4 billion** in military product sales.



\$1.9B

In outside investment from venture capital, angel, & other private-sector funding sources



225
COMPANIES

Acquired by larger corporations



180

TECHNOLOGIES

Licensed to other companies for commercialization



125
NEW SPIN-OUT
COMPANIES

To commercialize Air Force-funded innovations

The research team used IMPLAN economic-impact assessment software to estimate the total economic impacts related to both the \$4 billion in Air Force SBIR/STTR Phase II contracts and subsequent \$14.7 billion in sales of new technologies. **Results included:**

\$47.9B Total economic output nationwide

\$24.7B In value added, representing new wealth creation in the economy

\$15.5B In labor income

16,751 Average new full-time jobs per year, with an average wage of **\$65,968**

Navy SBIR Economic Impacts



Small Business Innovation Research & Small Business Technology Transfer

\$2.3 Billion Phase II Naval Investment*



\$44.3 billion
in total economic output
nationwide, in all 50 states

Commercialization Results

Economic Impact



\$14.2 billion
in resulting sales of new
products and services



\$7.0 billion
in sales of new products
to the U.S. military



64% of SBIR/STTR contracts with
subsequent innovative technology sales



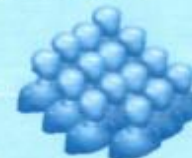
\$4.9 billion
in new federal, state,
and local tax revenues



\$22.2 billion
in new wealth creation,
or value added



\$14.4 billion
in labor income



14,973 full-time jobs created per
year with an average salary of \$68,535

DOD SBIR Economic Impact Study



- The DOD has commissioned a DOD-wide study of the economic impacts of the SBIR/STTR Programs that is currently being undertaken.

Navy SBIR Phase III Guidebook



Department of the Navy Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Phase III Guidebook

Phase III Guidance for Program Managers and Deputy Program Managers,
Procuring and Administrative Contracting Officers, and
Small Business Professionals on Using the SBIR/STTR Phase III Vehicle
to Realize Mission Objectives, Program Requirements and Small Business Goals

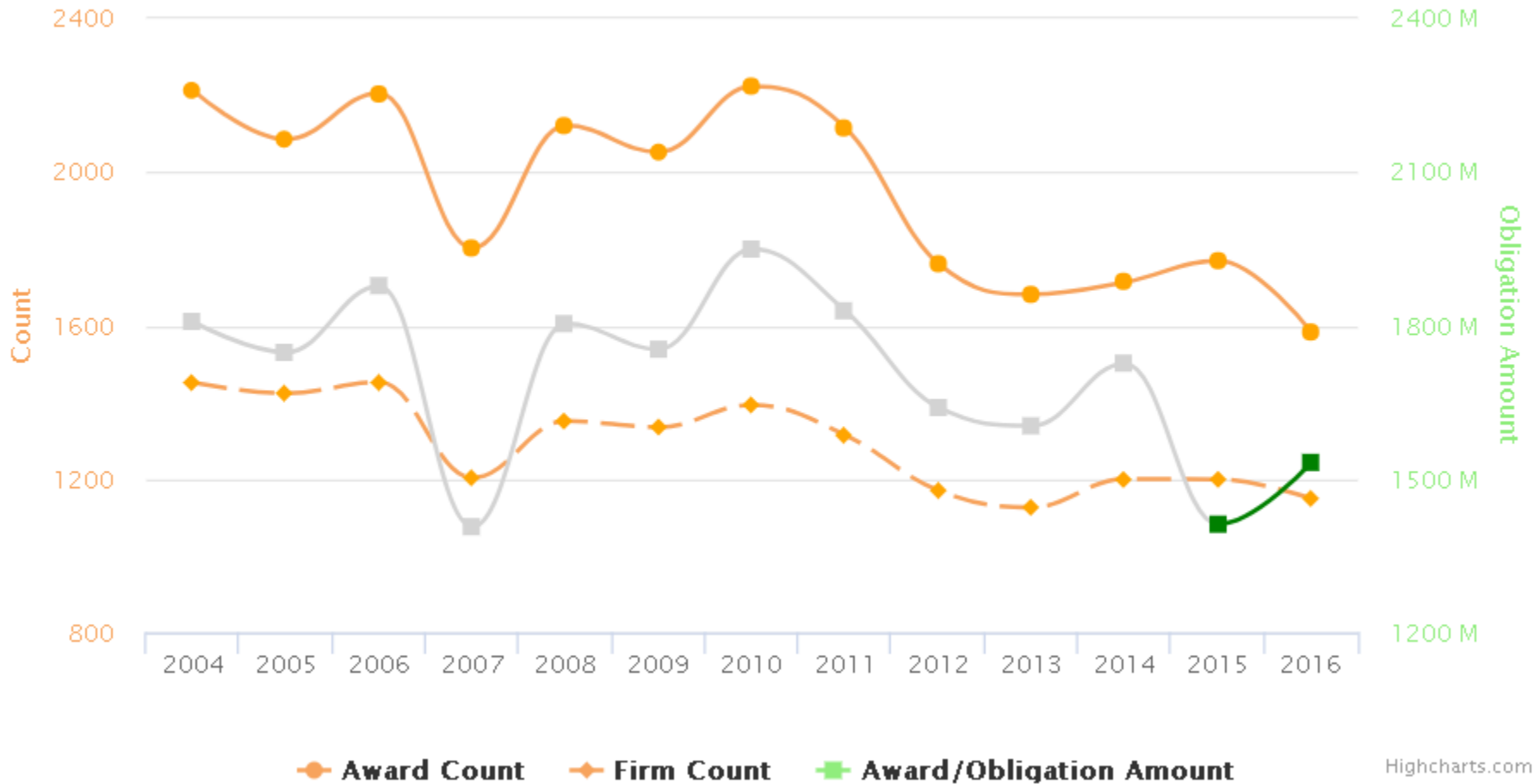
**Deputy Assistant Secretary of the Navy for
Research Development Test and Evaluation (RDT&E)**
Mr. Nickolas H. Guertin, Director for Transformation

Department of the Navy SBIR and STTR Programs Office
Mr. John R. Williams, Director

Secretary of the Navy, Office of Small Business Programs
Mr. Seán F. Crean, Director
Mr. Bradley D. Taylor, SBIR/STTR Liaison

DoD SBIR/STTR Awards, PH I

Award Summary By Year



Source: https://www.sbir.gov/analytics-dashboard?phase_tid%5B%5D=105789&year%5B%5D=2016&year%5B%5D=2015&year%5B%5D=2014&year%5B%5D=2013&year%5B%5D=2012&year%5B%5D=2011&year%5B%5D=2010